IN THE SPECIFICATION:

Please amend the paragraph bridging pages 8 and 9 as follows:

Referring to Fig. 1, reference numeral 1 denotes a license server; numeral 11 denotes a license table for storing licenses that can be used by users; numeral 12 references a terminal ID information table for storing IDs identifying terminals and information on their users; and numeral 13 denotes an issued temporary license information table for storing issuance information on temporary licenses generated from the license table 11. A communication control section 20 is connected to a wired or wireless public communication network or to a private communication network for communicating with terminals, such as the exemplary terminal 2. An encryption/decryption control section 21 performs encryption/description processing on a temporary license when exchanging it with a terminal 2. An authentication control section 22 determines a user ID, based on a terminal ID identifying a terminal to perform authentication processing. An issuance control section [[20]] 23 issues a temporary license based on a license stored in the license table 11. A return control section 24 updates a license stored in the license table 11, when a temporary license has been returned from a terminal 2. A communication network 3, such as a wired or wireless public communication network or private communication network, connects the server 1 to a terminal 2.

In the terminal 2, communication control section 30 connects to the network 3 for communicating with the license server 1. A license module 31 obtains, returns, and manages a temporary license. An encryption/decryption section 32 is provided for decrypting encrypted content, by use of a content key included in a temporary license. A content reproduction section 33 reproduces decrypted content. A temporary license table 34 stores temporary licenses. A terminal An ID 35 identifies each terminal 2. A terminal application 34 controls the terminal 2. Encrypted content 37 may be locally stored. The license table 11, the terminal ID information

table 12, the issued temporary license information table 13, the temporary license table 34, and the encrypted content 37 are stored in a rewritable storage device. The terminal IDs 35, on the other hand, are stored in a non-rewritable storage device.

Please amend the paragraph bridging pages 25 and 26 as follows:

First of all, the return control section 24 analyzes the temporary license 71 included in a temporary license return command transmitted from a terminal and searches the license table 11 for the record of the license whose license ID is LID 5, which is indicated by the temporary license 71, at step 5101. If the record has been found, the return control section 24 continues the return processing. If, on the other hand, the record has not been found, the processing proceeds to step [[S014]] S104 without performing any return processing since no originating license has been found.

Please amend the paragraph bridging pages 38 and 39 as follows:

A description will below be made of setting of a return inhibit flag with reference to Figs. 14A and 14B. First of all, at step [[501]] S501, it is determined whether one of the following three conditions is met: the return inhibit setting flag is set at "both acceptable"; the return inhibit request flag is set at 0 and the return inhibit setting flag is set at "return required"; and the return inhibit request flag is set at 1 and the return inhibit setting flag is set at "return inhibited". If one of the conditions is met, the return inhibit flag is set to the value of the return inhibit request flag at step S502, and the processing ends. If, on the other hand, none of the conditions is met, it is determined whether the return-flag reject flag included in the temporary license acquisition request information is set at 0 at step S503. If the return-flag reject flag is set at 0, the temporary license can be issued even though the return inhibit flag cannot be set to the value of the return

inhibit request flag. Therefore, the return inhibit flag is set to the NOT of the value of the return inhibit request flag at step S504, and the processing ends. If, on the other hand, the return-flag reject flag is set at 1, the temporary license cannot be issued when the return inhibit flag cannot be set to the value of the return inhibit request flag. Therefore, the processing ends without setting any value to the return inhibit flag.

Please amend the paragraph bridging pages 39 and 40 as follows:

A description will be made of setting of an automatic return flag with reference to Figs. 15A and 15B. First of all, at step [[601]] S601, it is determined whether one of the following three conditions is met: the automatic return setting flag is set at "both acceptable"; the automatic return request flag is set at 0 and the automatic return setting flag is set at "automatic return not permitted"; and the automatic return request flag is set at 1 and the automatic return setting flag is set at "automatic return permitted". If one of the conditions is met, the automatic return flag is set to the value of the automatic return request flag at step S602, and the processing ends. If, on the other hand, none of the conditions is met, it is determined whether the return-flag reject flag included in the temporary license acquisition request information is set at 0 at step S603. If the return-flag reject flag is set at 0, the temporary license can be issued even though the automatic return flag cannot be set to the value of the automatic return request flag. Therefore, the automatic return flag is set to the NOT of the value of the automatic return request flag at step S604, and the processing ends. If, on the other hand, the return-flag reject flag is set at 1, the temporary license cannot be issued when the automatic return flag cannot be set to the value of the automatic return request flag. Therefore, the processing ends without setting any value to the automatic return flag.